

# **EXHIBIT E**

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Section: BUSINESS

What's leading Lerach to think of leaving firm?

Bruce V. Bigelow, STAFF WRITER

The news release was innocuous, but still it's official.

San Diego lawyer William S. Lerach is considering retirement, according to a statement issued yesterday by the law firm of Lerach, Coughlin, Stoia, Geller, Rudman and Robbins.

While the statement confirmed media speculation raised in recent days about Lerach's possible departure, it didn't explain why the prominent class-action litigator might be leaving the San Diego firm he founded three years ago.

It could be that the 61-year-old Lerach, who is renowned as a ferocious litigator, is ready to relax and bask in retirement.

Or it might be due to mounting pressure in a seven-year federal investigation of Lerach and his former law firm, Milberg Weiss & Bershad.

Two prominent former partners in Milberg's New York office, along with the firm itself, were indicted in Los Angeles last year on federal charges of paying millions of dollars in kickbacks to clients in shareholder lawsuits and other cases.

The Wall Street Journal reported Wednesday that one of the ex-partners, David Bershad, may be close to reaching a plea agreement with the government. It was unclear whether he also would provide evidence that would implicate others in the case, the newspaper added.

Four top-level partners of the Milberg firm also met this week with federal prosecutors in Los Angeles to discuss a possible deal in which the firm would pay a heavy fine, according to The Recorder, a San Francisco legal newspaper. "Amounts ranging from \$50 million to \$100 million have been discussed," the newspaper reported.

Lerach's departure would be significant. He is the lead counsel for Enron shareholders and debt holders in lawsuits that have already recovered about \$7.3 billion.

In a related development, the Securities and Exchange Commission has thrown its weight behind investors in an Enron-related case headed for the U.S. Supreme Court, according to a report The Washington Post posted on its Web site last night. The newspaper called the move a victory for Lerach, who had lobbied the SEC to join the investors' case in a lawsuit to resolve whether shareholders can sue the banks that backed Enron.

But Lerach also has problems of his own.

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Lerach, who headed the Milberg firm's San Diego office for 28 years, was identified in a Feb. 12 article in the National Law Journal as the unnamed "Partner B" who allegedly participated in the firm's kickback scheme. Partner B's role in the alleged scheme was detailed in the 102-page indictment.

The legal newspaper identified Lerach as Partner B based on a letter to the editor that Partner B sent the legal newspaper in 1992, according to government documents. The National Law Journal said its own records identified Lerach as the author of that letter.

Thom Mrozek, a spokesman for the U.S. Attorney's Office in Los Angeles, declined to comment yesterday about the case.

Lerach, who has denied he is Partner B or that he did the things Partner B is said to have done, refused to comment this week. His lawyer, San Francisco attorney John W. Kecker, was unavailable for comment yesterday.

In the statement issued yesterday, the Lerach Coughlin law firm said that "Mr. Lerach is cognizant of the fact that although our firm has never been a target of this or any other investigation, the investigation should not become a distraction to our firm and its ongoing work."

By retiring, Lerach could be helping the firm avoid potential problems if federal charges are filed against him, said San Diego lawyer Charles LaBella, a former U.S. attorney.

"It would probably complicate their lives (if he remains), because they have a lot of clients who would be skittish about someone representing them who has federal criminal charges pending against them," LaBella said.

For example, he noted that the Lerach Coughlin firm represented the University of California as an institutional investor in the Enron case. The firm also routinely represents several public pension funds, including CalPERS.

"If Bill Lerach retires, our firm will continue pursuing the latest ongoing corporate fraud cases in the country," co-founder Patrick Coughlin said in the statement. "No single firm has the depth or breadth of talent that our firm has, nor does any other firm have as many tough, high-profile cases on behalf of the largest public and private pension funds."

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